



Proposed Final Report

**DES/OFM Approach to  
Assessing Contracting Options**

April 2018

DES should improve its process of comparing state costs and performance to certain private sector contracts.

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# 2011 legislation created DES and required a review of contracting

## **OFM & DES**

Explore additional private contracting of DES services using specified process  
(Expires June 2018)

## **JLARC**

Review implementation of process and report on any costs or savings

# Key takeaways

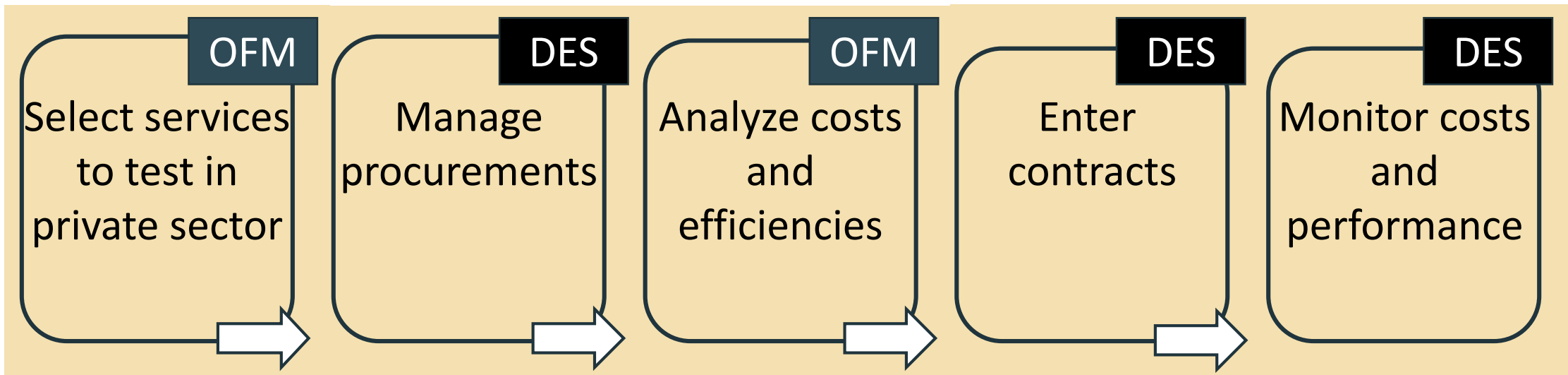
- 1 OFM and DES have **implemented a process** to explore additional contracting
- 2 **Unclear if** additional contracts resulted in **savings** or **improved performance**
- 3 DES can **improve contract monitoring** for two pilot projects to determine cost and performance impacts

# Legislative Auditor has 1 recommendation

DES should **collect and retain evidence of contractor and DES cost and performance data** for pilot projects and any additional contracts entered through this statutory process.

DES and OFM concur

# Review focused on contracting process outlined in statute



Expires June 30, 2018 under current law

Between 2011-2017

# 9 service areas tested in private market


5 did not result in contracts

2 resulted in contracts  
Web Design & Maintenance  
Bulk Printing

2 resulted in pilot projects  
Real Estate Leasing  
Motor Vehicle Claims





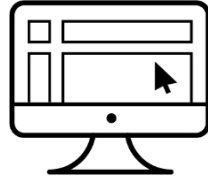
A person wearing a white lab coat is shown from the chest down, sitting at a desk. They are holding a dark pen in their right hand and writing on a white sheet of paper. Their left hand is resting on the paper. The background is blurred, showing what appears to be a laboratory or office setting. A semi-transparent blue box with a thin white border is overlaid on the right side of the image, containing text.

Unclear whether state  
reduced costs or  
improved performance

Web design and bulk printing contracts

# Did the state reduce costs? Unclear

## Web design contracts



- Full cost comparison not available
- State estimates for some projects appear lower than private costs, but **may not reflect full scope of work**

## Bulk printing contracts



- DES in-house cost estimates were incomplete
- Total bulk print contract costs unknown
  - **DES paid \$10.5 M to printing vendors in 2015-17**, which includes more than bulk printing
  - Bulk printing is not tracked separately from other printing costs



# Did performance improve? Unclear

## Web design contracts



- OFM did not document DES performance for a baseline as required
- DES included performance measures in contracts but did not collect and monitor information

## Bulk printing contracts



- OFM did not document DES performance for a baseline as required
- DES did not track performance of bulk print vendors separately from other printing contract work

A person wearing a light blue button-down shirt is shown from the chest down, sitting at a desk. Their right hand is holding a dark pen and writing on a white sheet of paper. Their left hand is resting on the desk near the paper. The background is blurred, showing what appears to be an office setting. A semi-transparent blue rectangular box is overlaid on the right side of the image, containing white text.

DES can improve monitoring for  
two pilot projects underway

Real estate leasing &  
Motor vehicle claims processing

## Real estate leasing pilot project

20% of DES leases in 5 counties will be negotiated by private brokers through 2019



### **DES can improve monitoring of costs and performance:**

Identify how much of DES's budget would be eliminated if the service was contracted out

Measure customer service and quality



# Motor vehicle claims processing pilot

50% of motor vehicle claims filed against the state will be processed by a private contractor through 2019

## DES can improve monitoring of costs and performance:

Report on cost & performance measures included in the contract



## Legislative Auditor Recommendation

DES should **collect and retain evidence of contractor and DES cost and performance data** associated with the pilot projects and any additional contracts entered through this statutory process.

**DES and OFM concur**

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Full Report:

[leg.wa.gov/jlarc/reports/2017/DESOFMcontracting/pf/default.html](http://leg.wa.gov/jlarc/reports/2017/DESOFMcontracting/pf/default.html)

